GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:286
ANSWERED ON:05.08.2016
Settlement of Loan
Gavit Dr. Heena Vijaykumar;Patil Shri Vijaysinh Mohite

Will the Minister of FINANCE be pleased to state:

(a) whether the public and private sector banks have undertaken One Time Settlement (OTS)/Compromise Settlements of loans during the last two years and the current financial year and if so, the details thereof;
(b) the details of the loans settled during the above said period, bank-wise;
(c) whether the settlement of loans was undertaken in a manner as per the directions/norms of the Reserve Bank of India; and
(d) if so, the details thereof and if not, the reasons therefor?

Answer

FINANCE MINISTER

(a) to (d): A Statement is laid on the Table of the House.

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STATEMENT AS REFERRED TO IN REPLY TO PARAs (A) TO (D) OF LOK SABHA STARRED QUESTION NO. *286 FOR ANSWER ON 5th AUGUST, 2016 / SHRAVANA 14, 1938 (SAKA) REGARDING SETTLEMENT OF LOAN BY SHRI MOHITE PATIL VIJAYSINH SHANKARRAO, DR. HEENA VIJAYKUMAR GAVIT

(a) to (b) Yes Sir, details of One Time Settlement (OTS) / Compromise Settlement done by Public Sector Banks during last two years and current year are annexed.

(c) to (d): RBI has provided framework under which banks frame their own board approved policy for One Time Settlements (OTS)/Compromise settlements. RBI has issued instructions which are available on its website which inter-alia specify (i) that every effort should be made to recover dues to the maximum extent possible at minimum expense (July 28,1995), (ii) constitution of Settlement Advisory Committees (SAC) for compromise settlements of chronic NPAs in Public Sector Banks for small sector (May 27,1999), (iii) revised guidelines to cover all NPAs up to Rs 5 crore relating to all sectors excluding cases of wilful default, fraud and malfeasance and for NPAs above Rs 5 crore, bank boards to form policy guidelines covering computation formula, realizable amount, cut-off date and payment conditions and (iv) guidelines for compromise settlements in small and medium enterprises (SME) sector for amount up to Rs 10 crore (September 3, 2005).

Banks frame their policy in the above outlined guidance framework. Further, RBI, vide circular dated June 21, 2010, has mandated that every authority / officer sanctioning One Time Settlements should append a certificate stating that it has been done in conformity with RBI guidelines.

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